

Gregg M. Galardi, Esq.
Ian S. Fredericks, Esq.
SKADDEN, ARPS, SLATE, MEAGHER &
FLOM, LLP
One Rodney Square
PO Box 636
Wilmington, Delaware 19899-0636
(302) 651-3000

Dion W. Hayes (VSB No. 34304)
Douglas M. Foley (VSB No. 34364)
MCGUIREWOODS LLP
One James Center
901 E. Cary Street
Richmond, Virginia 23219
(804) 775-1000

- and -

Chris L. Dickerson, Esq.
SKADDEN, ARPS, SLATE, MEAGHER &
FLOM, LLP
333 West Wacker Drive
Chicago, Illinois 60606
(312) 407-0700

Counsel to the Debtors and Debtors in Possession

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION

- - - - - x
:
In re: : Chapter 11
:
CIRCUIT CITY STORES, INC., : Case No. 08-35653 (KRH)
et al., :
:
Debtors. : Jointly Administered
- - - - - x

**STIPULATION, AGREEMENT AND ORDER BY AND AMONG THE DEBTORS,
INTERNATIONAL BUSINESS MACHINES CORPORATION AND IBM CREDIT,
LLC REGARDING SALE OF EQUIPMENT, REJECTION OF EQUIPMENT
LEASES AND FOR RELATED RELIEF**

This stipulation and agreement (the "Stipulation") is made this 5th day of March, 2009 by and between the debtors and debtors in possession in the above-captioned cases (collectively, "Circuit City" or

the "Debtors")¹ and International Business Machines Corporation and IBM Credit LLC (together, "IBM"). The Debtors and IBM are collectively referred to herein as the "Parties".

WHEREAS, on November 10, 2008 (the "Petition Date"), the Debtors filed voluntary petitions for chapter 11 relief with the United States Bankruptcy Court for the Eastern District of Virginia (the "Bankruptcy Court").

WHEREAS, pursuant to sections 1107 and 1108 of title 11 of the United States Code (the "Bankruptcy Code"), the Debtors are continuing to manage and operate their businesses as debtors in possession.

WHEREAS, on January 16, 2009, the Court authorized the Debtors, among other things, to conduct going-out-of-business sales (the "GOB Sales") at the Debt-

¹ The Debtors and the last four digits of their respective taxpayer identification numbers are as follows: Circuit City Stores, Inc. (3875), Circuit City Stores West Coast, Inc. (0785), InterTAN, Inc. (0875), Ventoux International, Inc. (1838), Circuit City Purchasing Company, LLC (5170), CC Aviation, LLC (0841), CC Distribution Company of Virginia, Inc. (2821), Circuit City Properties, LLC (3353), Kinzer Technology, LLC (2157), Abbott Advertising Agency, Inc. (4659), Patapsco Designs, Inc.(6796), Sky Venture Corp. (0311), Prahs, Inc.(n/a), XSStuff, LLC (9263), Mayland MN, LLC (6116), Courchevel, LLC (n/a), Orbyx Electronics, LLC (3360), and Circuit City Stores PR, LLC (5512). The address for Circuit City Stores West Coast, Inc. is 9250 Sheridan Boulevard, Westminster, Colorado 80031. For all other Debtors, the address is 9950 Mayland Drive, Richmond, Virginia 23233.

ors' remaining 567 stores pursuant to an agency agreement (the "Agency Agreement") between the Debtors and a joint venture, as agent (the "Agent"). On January 17, 2009, the Agent commenced GOB Sales pursuant to the Agency Agreement at the Debtors' remaining stores.

WHEREAS, pursuant to section 16 of the Agency Agreement, the Agent is authorized to sell the Debtors furniture, fixtures, and equipment ("FF&E") located in the Closing Locations, and the Debtors are entitled to receive eighty percent (80%) of the net proceeds from the sale of FF&E.

WHEREAS, Circuit City and IBM are parties to those certain Term Lease Master Agreements (the "Master Lease Agreements"), entered into on December 23, 2005 and April 27, 2007, as amended from time to time **and** those certain supplements to the Master Lease Agreements (each, a "Supplement"), pursuant to which IBM leases certain point-of-sale and other equipment (the "Equipment") to Circuit City. Copies of the Master Lease Agreements are attached hereto as Exhibits 1 and 2.

WHEREAS, pursuant to the Master Lease Agreements and certain of the Supplements, Circuit City leased Equipment from IBM, which has been or currently

is used in Circuit City's retail stores (the "Retail Equipment").

WHEREAS, pursuant to the Agency Agreement, the Agent has conducted GOB Sales at the Debtors' remaining retail stores. On February 26, 2009, the Agent provided notice to the Debtors that it would complete the GOB Sales at all of the Debtors' remaining retail locations (the "Closing Locations") by March 8, 2009.

WHEREAS, on February 19, 2009, the Court approved certain procedures for the sale or rejection of the Debtors' real property leases for the Closing Locations (D.I. 2242, the "Lease Procedures Order"). The Lease Procedures Order authorizes the Debtors solicit bids and conduct auctions with respect to the Debtors' real property leases. The Lease Procedures Order further provides procedures whereby the Debtors may reject those real property leases for which the Debtors do not receive bids or which the Debtors otherwise wish to reject by providing seven-days written notice to the landlord (the "Rejection Notice"), without further notice or hearing.

WHEREAS, pursuant to the Lease Procedures Order, the Debtors have provided Rejection Notices to the

landlords for the Closing Locations at which the Agent will be concluding GOB Sales on March 8, 2009 seeking to reject the leases for such locations on March 10, 2009, March 11, 2009 or March 12, 2009.

WHEREAS, the Debtors notified IBM that the Agent will be vacating the Closing Locations on March 8, 2009 and that the Debtors will be rejecting the leases for such Closing Locations on March 10, March 11 and March 12, 2009.

WHEREAS, pursuant to paragraph 17 of the Lease Procedures Order, the Debtors are authorized to abandon any personal property, including unsold FF&E, remaining at a Closing Location as of the date of assignment, termination or rejection of the underlying real property lease for that Closing Location.

WHEREAS, IBM wishes to sell to the Debtors all leased equipment located in 414 of the Closing Locations listed on Exhibit 3 (the "Subject Locations"), which includes (without limitation) Equipment located at such Subject Locations (the "Subject Equipment").

WHEREAS, the Debtors desire to purchase the Subject Equipment and to reject the Supplements and/or equipment leases (other than any master leases) related

to the Subject Equipment (the "Subject Equipment Leases"), including (but not limited to) those Supplements listed on Exhibit 4 attached hereto.

NOW, THEREFORE, intending to be legally bound hereby, upon order of the Bankruptcy Court as contemplated hereby (the "Order"), the Parties hereto stipulate as follows:

1. IBM shall sell and transfer all right, title, or interest in (the "Sale") the Subject Equipment to the Debtors for a price of \$30 per Subject Location, (or a total of \$12,420.00), free and clear of all liens, claims and encumbrances. As such, the Subject Equipment shall be property of the Debtors' estates and IBM shall no longer have any right, title or interest in the Subject Equipment or proceeds resulting from the sale thereof.

2. The Subject Equipment Leases by which IBM leased the Subject Equipment to Circuit City, including the Supplements listed on Exhibit 4 attached hereto,² shall be deemed rejected as of March 5, 2009.³

² Exhibit 4 sets forth the list of Subject Equipment Leases associated with the Subject Equipment based on the Debtors' latest information. However, the Debtors believe that certain Subject Equipment Leases associated with the Subject Equipment may have

(cont'd)

3. IBM hereby waives and forever releases the Debtors and their estates from any and all claims for damages arising from the Debtors' rejection of the Subject Equipment Leases, whether or not they are specifically listed on Exhibit 4.

4. Upon entry of the Order by the Bankruptcy Court, this Stipulation shall be binding upon and shall inure to the benefit of each of the Parties and each of their respective successors and assigns.

5. The Bankruptcy Court shall retain exclusive jurisdiction to hear and determine all matters relating to or arising from this Stipulation.

6. This Stipulation contains the entire agreement and understanding between the Parties with respect to the subject matter hereof, and supersedes and replaces all prior negotiations or proposed agreements, written or oral.

7. This Stipulation may be executed in counterparts, each of which shall be deemed to be an origi-

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been inadvertently omitted. To ensure that all Subject Equipment Leases are rejected, the Debtors are seeking to reject all Subject Equipment Leases for Subject Equipment stored in or used at the Subject Locations listed on Exhibit 3, whether or not such Subject Equipment Leases are specifically listed on Exhibit 4.

³ To the extent the Debtors have previously rejected any of the Subject Equipment Leases, the prior rejection date shall control.

nal, but all of which, together will constitute one and the same agreement. This Stipulation may be executed by facsimile signature which shall have the same force and effect as an original signature.

IN WITNESS WHEREOF, the Parties have set their hands in agreement as of the date written above.

CIRCUIT CITY STORES, INC.

By:

SKADDEN, ARPS, SLATE, MEAGHER & FLOM, LLP
Gregg M. Galardi, Esq.
Ian S. Fredericks, Esq.
P.O. Box 636
Wilmington, Delaware 19899-0636 (302) 651-3000

- and -

SKADDEN, ARPS, SLATE, MEAGHER & FLOM, LLP
Chris L. Dickerson, Esq.
333 West Wacker Drive
Chicago, Illinois 60606
(312) 407-0700

- and -

MCGUIREWOODS LLP

/s/ Douglas M. Foley
Dion W. Hayes (VSB No. 34304)
Douglas Foley (VSB No. 34364)
One James Center
901 E. Cary Street
Richmond, Virginia 23219
(804) 775-1000

Counsel for Circuit City Stores Inc.

**INTERNATIONAL BUSINESS MACHINES CORPORATION
and IBM CREDIT, LLC**

By:

SATTERLEE STEPHENS BURKE & BURKE LLP
Christopher R. Belmonte
230 Park Avenue
New York, NY 10169
(212) 404-8725

-and-

THOMPSONMCMULLAN, P.C.

/s/ Robert Dybing

Robert Dybing (VSB No. 32712)
100 Shockoe Slip
Richmond, Virginia 23219
(804) 698-6248

Counsel to International Business Machines
Corporation and IBM Credit, LLC

ORDER

Upon consideration of the foregoing, it is
hereby:

ORDERED, that the Stipulation is hereby ap-
proved in its entirety; and it is further

ORDERED, that this Court shall retain juris-
diction to hear and determine all matters arising from
or related to this Stipulation and Order.

Dated: Richmond, Virginia
March __, 2009

UNITED STATES BANKRUPTCY JUDGE

WE ASK FOR THIS:

Gregg M. Galardi, Esq.
Ian S. Fredericks, Esq.
SKADDEN, ARPS, SLATE, MEAGHER & FLOM, LLP
One Rodney Square
PO Box 636
Wilmington, Delaware 19899-0636
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Chris L. Dickerson, Esq.
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/s/ Douglas M. Foley
Dion W. Hayes (VSB No. 34304)
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901 E. Cary Street
Richmond, Virginia 23219
(804) 775-1000

Counsel to the Debtors and
Debtors in Possession

CERTIFICATION OF ENDORSEMENT UNDER LOCAL RULE 9022-1(C)

Pursuant to Local Bankruptcy Rule 9022-1(C), I hereby certify that the foregoing proposed order has been endorsed by or served upon all necessary parties.

/s/ Douglas M. Foley
Douglas M. Foley

EXHIBIT 1

(December 23, 2005 Master Lease Agreement)

EXHIBIT 2

(April 27, 2007 Master Lease Agreement)

EXHIBIT 3

(Subject Locations)

EXHIBIT 4

(Supplements for Subject Equipment)